



DECISION OF THE EUROPEAN CENTRAL BANK

of 14 May 2010

establishing a securities markets programme

(ECB/2010/5)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty on the Functioning of the European Union, and in particular to the first indent of Article 127(2) thereof,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the 'Statute of the ESCB'), and in particular the second subparagraph of Article 12.1, Article 3.1 and Article 18.1 thereof,

Whereas:

- (1) Pursuant to Article 18.1 of the Statute of the ESCB, national central banks of Member States whose currency is the euro (hereinafter the 'euro area NCBs') and the European Central Bank (ECB) (hereinafter collectively referred to as the 'Eurosystem central banks') may operate in the financial markets by, among other things, buying and selling outright marketable instruments.
- (2) On 9 May 2010 the Governing Council decided and publicly announced that, in view of the current exceptional circumstances in financial markets, characterised by severe tensions in certain market segments which are hampering the monetary policy transmission mechanism and thereby the effective conduct of monetary policy oriented towards price stability in the medium term, a temporary securities markets programme (hereinafter the 'programme') should be initiated. Under the programme, the euro area NCBs, according to their percentage shares in the key for subscription of the ECB's capital, and the ECB, in direct contact with counterparties, may conduct outright interventions in the euro area public and private debt securities markets.
- (3) The programme forms part of the Eurosystem's single monetary policy and will apply temporarily. The programme's objective is to address the malfunctioning of securities markets and restore an appropriate monetary policy transmission mechanism.
- (4) The Governing Council will decide on the scope of the interventions. The Governing Council has taken note of the statement of the euro area Member State governments that they 'will take all

measures needed to meet their fiscal targets this year and the years ahead in line with excessive deficit procedures' and the precise additional commitments taken by some euro area Member State governments to accelerate fiscal consolidation and ensure the sustainability of their public finances.

- (5) As part of the Eurosystem's single monetary policy, the outright purchase of eligible marketable debt instruments by Eurosystem central banks under the programme should be implemented in accordance with the terms of this Decision,

HAS ADOPTED THIS DECISION:

Article 1

Establishment of the securities markets programme

Under the terms of this Decision, Eurosystem central banks may purchase the following: (a) on the secondary market, eligible marketable debt instruments issued by the central governments or public entities of the Member States whose currency is the euro; and (b) on the primary and secondary markets, eligible marketable debt instruments issued by private entities incorporated in the euro area.

Article 2

Eligibility criteria for debt instruments

Marketable debt instruments shall be eligible for outright purchase under the programme if they are all of the following: (a) denominated in euro; and (b) either: (i) issued by central governments or public entities of the Member States whose currency is the euro; or (ii) issued by other entities incorporated in the euro area and meeting the asset eligibility criteria specified in Chapter 6 of Annex I to Guideline ECB/2000/7 of 31 August 2000 on monetary policy instruments and procedures of the Eurosystem¹.

Article 3

Eligible counterparties

The following shall be eligible counterparties for the programme: (a) counterparties eligible for Eurosystem monetary policy operations as defined in Section 2.1 of Annex I to Guideline ECB/2000/7; and (b) any other counterparties that are used by a Eurosystem central bank for the investment of its euro-denominated investment portfolios.

¹ OJ L 310, 11.12.2000, p. 1.

Article 4

Final provision

This Decision shall enter into force on the day following its publication on the ECB's website.

Done at Frankfurt am Main, 14 May 2010.

[signed]

The President of the ECB

Jean-Claude TRICHET